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News

**DVD player, software interests struggle to harmonize**  
Kristen Kenedy & Aaron Ricadela

San Mateo, Calif.-Makers of DVD player hardware and software are struggling to harmonize their respective product lines as each strives to achieve a different goal.

Hollywood studios are working to master a tricky authoring process for DVD movies while also keeping an eye on initial demand and copyright issues. Hardware manufacturers have been waiting for two years to roll out products and missed the 1996 holiday selling season. Now they want to get their products to market.

Nowhere are the diverging concerns more evident than on retail shelves, where employees have begun to stock the first DVD players but have yet to receive software for the systems.

While Toshiba and Panasonic systems are now on sale, the first software titles, from Time Warner, won't hit the shelves until March 24-and then will ship to only seven key markets in the United States. Time Warner recently announced that 32 titles will ship to New York, Chicago, Dallas, Los Angeles, San Francisco, Seattle and Washington D.C., surprising some retailers who had initially expected a rollout throughout the United States.

A spokeswoman for Time Warner said decisions to limit initial shipments are common during a rollout. The company chose cities with the greatest concentration of early adopters, she said.

Officials at Time Warner said 10 new titles will be shipped each month for the remainder of the year, and expansion to additional markets will be considered when software titles from other studios begin to ship.

Columbia TriStar Home Video (CTHV), which plans to release its first four DVD titles on April 29, is finding the difficult production process to be the biggest impediment to a stronger initial rollout, said Benjamin Feingold, president of CTHV.

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"The authoring is an incredibly complicated process, and we want to bring out the best-quality product in the beginning," he said.

Dale Ford, a DVD analyst at research firm Dataquest, San Jose, Calif., said navigating through the various encryption schemes has been difficult for vendors as well as content providers.

"These companies have to invest time and effort to implement the [encryption methods] with confidence," Ford said.

He noted that each level of DVD production requires its own encryption process, from movie authoring and duplication to building the hardware.

And, according to Feingold, CTHV wants its titles to show off the quality of the new digital medium, not offer a "marginal" alternative to VHS.

Many DVD titles from CTHV and others will include playback options for different screen sizes, dubs and subtitles in Spanish and French, closed-captions and chapter stops. On-screen menus are included to provide clear and easy access to these options.

"We are spending a lot of energy on each one of the titles," Feingold said.

For retailers, that means new hardware has a thin selection of titles to accompany its rollout.

Joe Pagano, merchandise manager at Best Buy, told a panel at last week's National Association of Recording Merchants convention in Orlando, Fla., that lukewarm support for the hardware is a "cloud on the horizon" of an otherwise sunny launch.

"Just as the hardware people are running their ads, and the retailers are stocking their shelves, we are starting with just a third of the software firepower we could potentially have," he said.

However, a vendor source countered that early adopters will still be attracted to the new technology, and by the time DVD hits the mass market, a wide selection of titles will be available.

But don't expect to find DVD titles at the local Blockbuster store—at least not until August, according to one vendor.

A spokesman at Blockbuster Entertainment said the retailer has no firm plans to sell or rent DVD at this time, although the stores are preparing to roll out DVD technology kiosks in key markets. Blockbuster officials are watching the market closely, the spokesman said, particularly issues such as availability, selection, pricing and packaging.

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"I would expect if and when we do [get into DVD], we will do it in a big way and take a leadership position," he said.

Meanwhile, a Disney spokeswoman reiterated that the studio has "no announced plans" to release DVD movies.

Such a scarce supply of titles-so far, only Time Warner and Columbia TriStar have announced their plans to ship titles this year-raises concerns about whether the entertainment industry is still worried about copyright issues.

"I do think copyright plays a role in some of" the limited DVD movie availability, said Dataquest's Ford.

Other studios contacted by CRW indicated that while copyright is always a concern for Hollywood, they think most of the issues have been hammered out or are in the process of being confronted.

"While there are a few 'i's' that need to be dotted, we feel comfortable with it," the Time Warner spokeswoman said.

Still, for content providers, protecting copyrights is a constant battle, and most companies said they will be watching carefully as events play out.

"We think [DVD] is going to be wonderful," said CTHV's Feingold. "But we would like the computer industry to understand the Hollywood obsession on copyright protection. We have been in the business for 70 years and produced thousands of films. The ability to sell and continue to own and control those properties goes to the core of what we do."

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